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September 12, 2017

Mr. Kevin Ruggeberg, ASA, MAAA
Lewis & Ellis, Inc.
P.O. Box 851857
Richardson, TX 75085

Re: 1Q/2Q 2018 Vermont Large Group AR42 Rate Filing
SERFF Tracking #: MVPH-131148723

Dear Mr. Ruggeberg:

This letter is in response to your correspondence received 09/07/17 regarding the above mentioned rate filing. The responses to your questions are provided below.

1. Was any analysis performed on how benefit relativities based on more recent data would compare to the current relativities? If so, please provide the results of this analysis.

Response: MVP compared the current benefit relativities to ones using more current data, and the results showed that qualified High Deductible Health Plans and non-qualified plans with higher deductibles would receive a rate increase in the mid-single digits above the proposed rate increase while richer plan designs would receive a flat to slight decrease after accounting for the proposed increase. After this comparison was performed, MVP has decided not to change its relativities for the following reasons:

1. Disruption to current groups: MVP's number of large groups has decreased significantly over the past several years. MVP is concerned that changing plan relativities would cause a disruption to the approximately 15 groups left in MVP's block. Severe swings in relativities (and therefore manual rate increases) would likely result in MVP continuing to lose groups it is attempting to retain.

2. Credibility: MVP's current membership in the large group VT block is 1,995 members. MVP is concerned that normalizing the updated benefit relativities to this small of a population could result in larger than normal fluctuations based on membership changes. At this membership level, one group's plan election has a large impact on the eventual plan-specific rate increases needed to obtain the same revenue.

If you have any questions or require any additional information, please contact me at 518-386-7213.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bachner", written over a horizontal line.

Eric Bachner, ASA
Senior Actuarial Analyst
MVP Health Care, Inc.